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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2008 AND ENDING 12/31/2008  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: *Futures Investment Company*

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

5914 N. 300 West PO Box C

(No. and Street)

Fremont

Indiana

46737

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Joel M. Friedman

(312) 606-3209

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Jordan, Patke & Associates, Ltd.

(Name - if individual, state last, first, middle name)

300 Village Green Drive, Suite 210

Lincolnshire

Illinois

60069

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

I, Michael Pacult, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Futures Investment Company, as of December 31, 20 08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None



Michael Pacult  
Signature  
\_\_\_\_\_  
President  
\_\_\_\_\_  
Title

Michelle L. Langford 2/26/2009  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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# **FUTURES INVESTMENT COMPANY**

*(An Illinois S Corporation)*

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

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*(Filed Pursuant to Regulation § 1.10 of the Commodity Exchange Act)*

## **CONTENTS**

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INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL CONDITION	2
STATEMENT OF INCOME	3
SCHEDULE OF CHANGES IN STOCKHOLDERS' EQUITY AND STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-11
SUPPLEMENTAL INFORMATION	
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1	13-14
NFA SUPPLEMENTAL SCHEDULE	15
NET CAPITAL RECONCILIATION	16
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE	17-18

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of  
Futures Investment Company  
Fremont, Indiana

We have audited the accompanying statement of financial condition of Futures Investment Company (a corporation) as of December 31, 2008, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Futures Investment Company at December 31, 2008 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained on pages 13 through 18, inclusive, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission, Regulation § 1.10 of the Commodity Exchange Act of 1934 and the Rules of the National Futures Association. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Jordan, Pathe & Associates, Ltd.*

February 26, 2009  
Lincolnshire, Illinois

# FUTURES INVESTMENT COMPANY

*(An Illinois S Corporation)*

## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

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### Assets

Cash	\$	49,182
Marketable securities		40,657
Commissions and fees receivable		83,494
Due from related parties		151,142
Property and equipment, net of accumulated depreciation		185,770
Total assets	\$	<u>510,245</u>

### Liabilities and Stockholders' Equity

#### Liabilities

Accounts payable and accrued expenses	\$	10,693
Liabilities to stockholders subordinated to claims of general creditors		<u>50,000</u>
Total liabilities		60,693

#### Stockholders' Equity

Common stock, at stated value, (1,000 shares authorized, 500 shares issued and outstanding)		1,000
Retained earnings		457,075
Less: Net unrealized (loss) from marketable securities		<u>(8,523)</u>
Total stockholders' equity		<u>449,552</u>
Total liabilities and stockholders' equity	\$	<u>510,245</u>

The accompanying notes are an integral part of these financial statements.

# FUTURES INVESTMENT COMPANY

*(An Illinois S Corporation)*

## STATEMENT OF INCOME YEAR ENDED DECEMBER 31, 2008

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### Revenue

Commissions and fees	\$ 1,554,371
Interest and dividends on marketable securities	5,062
Net realized (loss) from marketable securities	<u>(4,840)</u>
Total revenue	<u>1,554,593</u>

### Expenses

Compensation and related benefits	586,620
Professional fees	128,780
Occupancy	208,439
Office expenses	64,157
Communications	13,776
Depreciation expense	38,998
Other expenses	<u>82,001</u>
Total expenses	<u>1,122,771</u>

Net income	<u>\$ 431,822</u>
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The accompanying notes are an integral part of these financial statements.

# FUTURES INVESTMENT COMPANY

(An Illinois S Corporation)

## STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS YEAR ENDED DECEMBER 31, 2008

### Statement of Changes in Stockholders' Equity

	Common Stock	Retained Earnings	Comprehensive Income	Total Stockholders' Equity
Balance at January 1, 2008 as previously reported	\$ 1,000	\$ 271,874	\$ 18,337	\$ 291,211
Prior period adjustment		117,683		117,683
Balance at January 1, 2008 as restated	1,000	389,557	18,337	408,894
Stockholder contributions		40,000		40,000
Stockholder distributions		(404,304)		(404,304)
Comprehensive Income				
Net income		431,822		431,822
Net unrealized (loss) from marketable securities			(26,860)	(26,860)
Balance at December 31, 2008	<u>\$ 1,000</u>	<u>\$ 457,075</u>	<u>\$ (8,523)</u>	<u>\$ 449,552</u>

### Statement of Changes in Liabilities Subordinated to Claims of General Creditors

	Subordinated Liabilities
Balance at January 1, 2008	\$ 50,000
Balance at December 31, 2008	<u>\$ 50,000</u>

The accompanying notes are an integral part of these financial statements.



# FUTURES INVESTMENT COMPANY

(An Illinois S Corporation)

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2008

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### Operating Activities

Net income	\$ 431,822
Adjustments to reconcile income to net cash provided by operating activities:	
Depreciation expense	38,998
Net realized loss from marketable securities	4,840
Changes in operating assets and liabilities:	
(Increase) in commissions and fees receivable	(70,336)
Increase in accounts payable and accrued expenses	1,124
Net cash provided by operating activities	<u>406,448</u>

### Investing Activities

Purchase of property and equipment	(49,294)
Purchase of marketable securities	(4,864)
Proceeds from sale of marketable securities	<u>17,139</u>
Net cash (used in) investing activities	<u>(37,019)</u>

### Financing Activities

Stockholder contributions	40,000
Stockholder distributions	(404,304)
Decrease in due from related parties	<u>979</u>
Net cash (used in) financing activities	<u>(363,325)</u>
Increase in cash	6,104
Cash at the beginning of the year	<u>43,078</u>
Cash at the end of the year	<u>\$ 49,182</u>

The accompanying notes are an integral part of these financial statements.

# **FUTURES INVESTMENT COMPANY**

*(An Illinois S Corporation)*

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2008**

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### **ORGANIZATION OF S CORPORATION**

Futures Investment Company (the "Company") was incorporated in the State of Illinois on December 6, 1983. The Company is registered with the Commodity Futures Trading Commission ("CFTC") as an independent introducing broker ("IB") and the Securities and Exchange Commission ("SEC") as a broker-dealer. The Company is a member of the National Futures Association ("NFA") and the National Association of Securities Dealers ("NASD").

### **SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies which have been followed in preparing the accompanying financial statements are set forth below:

#### **REVENUE RECOGNITION**

The Company's primary source of revenue is commissions derived from introducing customer orders for commodity futures and securities interests to futures commission merchants and other broker-dealers which carry the customer accounts, as well as commissions related to the sales of interest in private investment funds. Commission revenues and the related commission and brokerage expenses are recognized on the trade date when the positions are opened or closed by the respective carrying futures commission merchants or broker-dealers.

#### **CASH EQUIVALENTS**

Cash includes money market mutual funds.

#### **COMMISSIONS AND FEES RECEIVABLE**

Commissions and fees receivable are stated at their estimated realizable value. The Company accounts for bad debts using the allowance method. Accounts are evaluated after they have aged past 120 days and an allowance is recorded if necessary. In the opinion of management, all receivables are collectible in full; therefore no allowance for doubtful accounts is provided at December 31, 2008.

#### **MARKETABLE SECURITIES**

The Company classifies its investments in marketable securities as available-for-sale. As of December 31, 2008, the Company held \$40,657 in mutual funds that are classified as marketable securities within the Statement of Financial Condition. Securities classified as available-for-sale are carried in the financial statements at fair value. Realized gains and losses are included in earnings and unrealized holding gains and losses are reported as comprehensive income in the equity section of the Statement of Financial Condition.

#### **PROPERTY AND EQUIPMENT**

For financial statement purposes, property and equipment is depreciated on a straight-line basis over the estimated useful life.

# **FUTURES INVESTMENT COMPANY**

*(An Illinois S Corporation)*

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2008**

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### **SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **INCOME TAXES**

The Company has elected S corporation status. No provision for regular income taxes has been made in these financial statements because each stockholder is individually responsible for reporting income or loss based on his respective share of the Company's income and expenses as reported for income tax purposes. The Company prepares calendar year information tax returns and reports to the stockholders their pro-rata allocable shares of the Company's income and expense items.

Management has continued to evaluate the application of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 (FIN 48)," to the Company, and has determined that FIN 48 does not have a material impact on the Company's financial statements. The Company files federal and state tax returns. The 2005 through 2008 tax years generally remain subject to examination by the U.S. federal and most state tax authorities.

#### **USE OF ESTIMATES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **OFF BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK**

The Company does not hold customer segregated cash or securities balances. Futures transactions are processed by futures commission merchants, on a fully disclosed basis. In conjunction with this arrangement, the Company is contingently liable for any unsecured debit balances in the customer accounts introduced by the Company. These customer activities may expose the Company to off-balance-sheet credit risk in the event the introduced customer is unable to fulfill its contracted obligations to the FCM to whom it was introduced. The Company seeks to control such credit risks by monitoring its exposure to the risk of loss daily for each account. There were no unsecured customer debit balances for the Company at December 31, 2008.

#### **NET CAPITAL REQUIREMENT**

The Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act ("SEA"), and Regulation § 1.17 of the Commodity Exchange Act ("Act"). Under these provisions, the Company must maintain net capital, as defined, of the greater of \$45,000 or 6 2/3% of aggregated indebtedness, as defined in Rule 15c3-1(c) of the SEA. At December 31, 2008, the Company had a net capital requirement of \$45,000 and a net capital of \$150,250 or \$105,250 in excess of the minimum net capital requirements. The net capital requirements could effectively restrict the payment of cash dividends, the repayment of subordinated loan, the making of unsecured loans to stockholders and the purchase by the Company of its own stock.

# FUTURES INVESTMENT COMPANY

*(An Illinois S Corporation)*

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2008

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### LIABILITIES TO STOCKHOLDERS SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

Liabilities to stockholders subordinated to claims of general creditors represents an amount received from the stockholders under a subordinated loan agreement. The loan bears interest at the rate of 5% per annum and is scheduled to mature on July 31, 2012. Interest expense for the year payable to the stockholders pursuant to the subordinated loan agreement was approximately \$2,500. The interest expense was waived by the stockholders for 2008.

### PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Depreciation is provided using the straight-line methods over the estimated useful lives of the related asset. Useful lives of the fixed assets are as follows:

Leasehold improvements	39 years
Office furniture and fixtures	5-15 years
Other equipment	5-7 years

Expenditures for renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

The details of the cost of fixed assets and accumulated depreciation are as follows:

Land	\$ 2,000
Artwork	15,465
Leashold improvements	256,938
Office furniture and fixtures	334,050
Other equipment	111,352
Total property and equipment	<u>719,805</u>
Accumulated depreciation	(534,035)
Net property and equipment	<u><u>\$ 185,770</u></u>

Depreciation expense was \$38,998 for the year ended December 31, 2008.

### PENSION PLAN

The Company has adopted a profit sharing plan which provides for employee/owner elected compensation reductions of up to 15% of such compensation, and for discretionary matching contributions, as determined from time to time by the Company, as defined in the underlying Adoption Agreement. For the year ended December 31, 2008, there was no contribution to the plan by the Company.

# FUTURES INVESTMENT COMPANY

*(An Illinois S Corporation)*

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2008

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### RELATED PARTY TRANSACTIONS

The following is a list of related party companies and their associated investment funds. These companies act as the general partner or managing member for their investment funds. The related party companies are 100% owned by one of the Company's stockholders.

#### Related Party Company

Ashley Capital Management, Inc.  
Belmont Capital Management, Inc.  
Triview Capital Management, Inc.  
White Oak Financial Services, Inc.  
Evergreen Capital Management, Inc.  
Pacult Asset Management, Inc.

#### Investment Fund

Atlas Futures Fund, LP  
Bromwell Financial Fund, LP  
TriView Global Fund, LLC  
Providence Select Fund, LP  
Strategic Opportunities Fund, LP  
Auburn Fund, LP

### REVENUE

The Company receives commissions and fees from the investment funds. Commissions and fees included in revenue for the year ended December 31, 2008:

Strategic Opportunities Fund, LP	\$ 87,713
Providence Select Fund, LP	20,551
Atlas Futures Fund, LP	<u>1,423,668</u>
Total	<u>\$ 1,531,932</u>

Balances recorded and disclosed by related parties may be immaterially different due to timing difference. Commissions and fees included in accounts receivable at December 31, 2008:

Strategic Opportunities Fund, LP	\$ 6,585
Providence Select Fund, LP	2,096
Atlas Futures Fund, LP	<u>72,414</u>
Total	<u>\$ 81,095</u>

# FUTURES INVESTMENT COMPANY

*(An Illinois S Corporation)*

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2008

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### RELATED PARTY TRANSACTIONS (continued)

#### DUE FROM RELATED PARTIES

The Company advances cash to investment funds to help pay for various costs, including operating and start-up costs. These advances are recorded as due from related party. The balance is usually paid back within a year or when the related fund is financially capable of repaying the advance. These amounts bear no interest or due dates and are unsecured. The following companies had advances due to the Company at December 31, 2008:

Auburn Fund, LP	\$ 283
TriView Global Fund, LLC	96,359
Belmont Capital Management, Inc.	1,000
Bromwell Financial Fund, LP	53,500
Total	<u>\$ 151,142</u>

#### COMPENSATION AND RELATED BENEFITS

The Company paid one of the company's stockholders approximately \$78,345 for certain clerical and administrative services reimbursement.

#### COMMITMENTS

The Company has a non-cancelable operating lease agreement with stockholders of the Company for office space, which expires December 31, 2010. Rental expense for 2008 was \$114,000. The following is a schedule of future minimum lease payments required under the lease:

2009	\$ 114,000
2010	114,000
	<u>\$ 228,000</u>

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Company adopted the provisions of Statement of Financial Accounting Statement No. 157 - "Fair Value Measurement", or SFAS 157, as of January 1, 2008. SFAS 157 provides guidance for determining fair value and requires increased disclosure regarding the inputs to valuation techniques used to measure fair value. SFAS 157 clarifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

# **FUTURES INVESTMENT COMPANY**

*(An Illinois S Corporation)*

## **NOTES TO FINANCIAL STATEMENTS**

### **YEAR ENDED DECEMBER 31, 2008**

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#### **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued)**

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability, including the Company's own assumptions used in determining the fair value of investments. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

As of December 31, 2008, and for the year then ended, marketable securities consisted of Level 1 assets.

#### **PRIOR PERIOD ADJUSTMENTS**

During the year ended December 31, 2008, an error made in previous years was discovered. The Company was recognizing IRC Section 179 expense for book purposes. As a result, as of December 31, 2007 accumulated depreciation was overstated by \$117,682. Adjustments related to the correction resulted in an \$117,682 increase to retained earnings.

## **SUPPLEMENTARY INFORMATION**



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER:** Futures Investment Company

**as of:** December 31, 2008

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity from Statement of Financial Condition		\$	310,309	3480
2. Deduct ownership equity not allowable for net capital			0	3490
3. Total ownership equity qualified for Net capital			310,309	3500
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation in net capital			50,000	3520
B. Other (deductions) or allowable credits (List)			0	3525
5. Total capital and allowable subordinated liabilities			360,309	3530
6. Deductions and/or charges:				
A. Total non-allowable assets from Statement of Financial Condition [Notes B and C]	\$	203,560	3540	
B. Secured demand note deficiency		0	3590	
C. Commodity futures contracts and spot commodities proprietary capital charges		0	3600	
D. Other deductions and/or charges		0	3610	
			(203,560)	3620
7. Other additions and/or allowable credits (List)			0	3630
8. Net Capital before haircuts on securities positions			156,749	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):				
A. Contractual securities commitments	\$	0	3660	
B. Subordinated securities borrowings		0	3670	
C. Trading and investment securities:				
1. Exempted securities		0	3735	
2. Debt securities		0	3733	
3. Options		0	3730	
4. Other securities		6,499	3734	
D. Undue concentration		0	3650	
E. Other (list)		0	3736	
			(6,499)	3740
10. Net Capital		\$	150,250	3750

See net capital reconciliation on page 16 for difference between calculation above and calculation which includes the independent auditor's adjustments. Non allowable detail has been included with the net capital reconciliation.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER:** Futures Investment Company

**as of:** December 31, 2008

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19)	\$	713	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	45,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	45,000	3760
14. Excess net capital (line 10 less 13)	\$	105,250	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	149,181	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition	\$	10,693	3790
17. Add:			
A. Drafts for immediate credit	\$	0	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	0	3810
C. Other unrecorded amounts (List)	\$	0	3820
19. Total aggregate indebtedness	\$	10,693	3840
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	%	7.12	3850
21. Percentage of debt to debt-equity total computed in accordance with rule 15c3-1 (d)	%	13.88	3860

**COMPUTATION OF ALTERNATIVE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	0	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	0	3880
24. Net capital requirement (greater of line 22 or 23)	\$	0	3760
25. Excess net capital (line 10 less line 24)	\$	0	3910
26. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or 120% of minimum Net Capital Requirement	\$	0	3920

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

# FUTURES INVESTMENT COMPANY

(An Illinois S Corporation)

## NFA SUPPLEMENTAL SCHEDULE-IB YEAR ENDED DECEMBER 31, 2008

### National Futures Association Supplemental Schedule IB

This schedule provides additional information and calculations which are required by National Futures Association but are not provided for on the form 1-FR. All IBs (including securities broker/dealers) must complete Sections A & B. Sections C-F need only be completed if they apply.

#### A) Capital requirements and restrictions

	1	2	3
	Minimum Capital Requirement	Equity Withdrawal Restriction	Suspended Repayment Restriction
<b>A</b> Minimum dollar amount	45,000	54,000	54,000
<b>B</b> Calculation based on branch offices			
Number of branch offices = 1	6,000	7,200	7,200
<b>C</b> Calculation based on APs = 2	6,000	7,200	7,200
<b>D</b> Securities brokers/dealers per SEC 15c3-1			
Greatest of A-D	45,000	54,000	54,000
+ Subordinated debt maturing in next 6 mos.			
+ Expected capital withdrawals in next 6 mos.			
		54,000	54,000

- 1 This is the minimum capital requirement. It should be entered on Line 15 of the Net Capital Computation of the 1-FR or the appropriate line of the FOCUS Report.
- 2 No capital may be withdrawn from the IB and no unsecured loans may be made if it would cause Adjusted Net Capital to fall below this amount.
- 3 Subordinated debt may not be repaid if it would cause Adjusted Net Capital to fall below this amount.

#### B) Equity Capital Ratio

Equity capital must be at least 30% of the required total shown here.

Ownership Equity	449,552	Ownership Equity	449,552
+ Qualifying subordinated debt	50,000	+ Total subordinated debt	50,000
= Equity Capital	499,552		
		= Required Total	499,552

Equity Capital/Required Total 100.00%

# FUTURES INVESTMENT COMPANY

(An Illinois S Corporation)

## NET CAPITAL RECONCILIATION YEAR ENDED DECEMBER 31, 2008

Pursuant to SEC Rule 15c3-1, a reconciliation is required if material differences exist between the computation reported on by the independent auditor and the broker-dealer's original unaudited filing of part II or part IIA of the FOCUS report. Although the audit adjustments did not impact net capital, there were material adjustments to the computation. The following reconciliation is presented:

	Preliminary Net Capital	Audit Adjustments	Final Net Capital
Total ownership equity qualified or net capital	\$ 310,309	\$ 139,243	\$ 449,552
Liabilities subordinated to claims of general creditors allowable in computation in net capital	50,000	-	50,000
Less: Total non-allowable assets from Statement of Financial Condition	(203,560)	(139,243)	(342,803)
Net capital before haircuts on securities positions	156,749	-	156,749
Less: Haircut on other securities	(6,499)	-	(6,499)
Net capital	<u>\$ 150,250</u>	<u>\$ -</u>	<u>\$ 150,250</u>
Non-allowable asset detail:			
Land and property and equipment (net of accumulated depreciation)	\$ 46,527	\$ 139,243	\$ 185,770
Commissions and fees receivable	5,891	-	5,891
Due from related parties	151,142	-	151,142
Total non-allowable assets from Statement of Financial Condition	<u>\$ 203,560</u>	<u>\$ 139,243</u>	<u>\$ 342,803</u>

	<u>Debit</u>	<u>Credit</u>
Audit adjustments detail:		
<u>Audit adjustment #1</u>		
Retained earnings	18,337	
Unrealized gain/loss on marketable securities - comp income		18,337
<u>Audit adjustment #2</u>		
Unrealized gain/loss on marketable securities - comp income	26,860	
Unrealized gain/loss on marketable securities - statement of income		26,860
<u>Audit adjustment #3</u>		
Accumulated depreciation	117,682	
Retained earnings		117,682
<u>Audit adjustment #4</u>		
Accumulated depreciation	21,561	
Depreciation expense		21,561

To the Board of Directors  
Futures Investment Company

In planning and performing our audit of the financial statements of Futures Investment Company (the Company) as of and for the year ended December 31, 2008, in accordance with auditing standard generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

In addition, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding customer and firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16, in making the following:

1. The periodic computations of minimum financial requirements pursuant to Regulation 1.17

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the SEC's and the CFTC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or deposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) and Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and their operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second and third paragraphs and would not necessarily disclose all matters in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities and certain regulated commodity customer and firm assets that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second and third paragraphs of this report are considered by the SEC, CFTC, and NFA to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, the Commodity Exchange Act, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second and third paragraphs of this report, were adequate at December 31, 2008, to meet the SEC's, CFTC's, and NFA's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the CFTC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 or Regulation 1.16 of the CFTC or both in their regulation of registered broker-dealers and introducing brokers, and is not intended to be and should not be used by anyone other than these specified parties.

*Jordan, Pathe & Associates, Ltd*

February 26, 2009